

Investing in agriculture: 'Restoring the valuable capital of nature'

Jessica Pilz, head of sustainable investing, private markets at **Fiera Capital**, explains how investors can achieve attractive returns and protect the environment through committing to natural capital.

The attention currently being given to natural capital by investors is undeniable. This growing sector presents a strong commercial case for investment, offering portfolio diversification, downside protection, inflation-hedging, a mix of cash yield and capital appreciation. Moreover, investing in this sector can help tackle global challenges like climate change, population growth and the decline in arable land and productive forests. Awareness of the role nature plays in both our economy and decarbonisation efforts has also been a significant driver in both investor and regulatory pressure. With more than half of the world's GDP estimated to be moderately or highly dependent on nature, recognising the value of natural capital and prioritising its sustainable management has never been more important.

Yet, despite increasing investor appetite for this asset class, we are not seeing as many allocations to natural capital as one would expect. One of the more obvious reasons for this could be the economic climate and the ongoing capital-raising challenges faced by managers. At the annual Association of Real Estate Fund's conference this week, one of the speakers felt confident that there was a significant amount of overseas private wealth waiting to be invested in the UK property market – which, due to its transparent nature, remains a desirable investment - but much of this capital will be directed to trophy buildings in central London. There has been growing interest in natural capital from the Local Government Pension Scheme (LGPS) community, but my recent conversations with this investor base, as well as investment consultants, have revealed that there is an apprehension to seen as a leader in this space.



It is imperative that natural capital strategies like agriculture and timberland are managed in a way that delivers positive outcomes for nature.

